

# **CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

Audit Report

## **COLLECTIVE BARGAINING PROGRAM**

Chapter 961, Statutes of 1975,  
and Chapter 1213, Statutes of 1991

*July 1, 1999, through June 30, 2001*



**STEVE WESTLY**  
California State Controller

January 2004



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California State Controller

January 30, 2004

Susan A. Cota, Ed.D., Chancellor  
Chabot-Las Positas Community College District  
5020 Franklin Drive  
Pleasanton, CA 94588

Dear Dr. Cota:

The State Controller's Office (SCO) has completed an audit of the claims filed by Chabot-Las Positas Community College District for costs of the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 1999, through June 30, 2001.

The district claimed \$937,695 for the mandated program. Our audit disclosed that \$932,134 is allowable and \$5,561 is unallowable. The unallowable costs occurred because the district overclaimed its indirect costs and claimed ineligible travel costs. The district was paid \$447,133. Allowable costs claimed in excess of the amount paid, totaling \$485,001, will be paid by the State based on available appropriations.

The SCO has established an informal audit review process to resolve a dispute of facts. The auditee should submit, in writing, a request for a review and all information pertinent to the disputed issues within 60 days after receiving the final report. The request and supporting documentation should be submitted to: Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

*Original Signed By:*

VINCENT P. BROWN  
Chief Operating Officer

VPB:jj

cc: Roy V. Stutzman  
Vice Chancellor, Business Services  
Chabot-Las Positas Community College District

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# Audit Report

## Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by Chabot-Las Positas Community College District for costs of the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 1999, through June 30, 2001. The last day of fieldwork was April 11, 2003.

The district claimed \$937,695 for the mandated program. The audit disclosed that \$932,134 is allowable and \$5,561 is unallowable. The unallowable costs occurred because the district overclaimed its indirect costs and claimed ineligible travel costs. The district was paid \$447,133. Allowable costs claimed in excess of the amount paid, totaling \$485,001, will be paid by the State based on available appropriations.

## Background

In 1975, the State enacted the Rodda Act (Chapter 961, Statutes of 1975), requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere of public school employers. The legislation created the Public Employment Relations Board to issue formal interpretations and rulings regarding collective bargaining under the act. In addition, the legislation established organizational rights of employees and representational rights of employee organizations, and recognized exclusive representatives relating to collective bargaining. On July 17, 1978, the Board of Control ruled that the Rodda Act imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561. Costs in excess of those established by the base year (fiscal year 1974-75), as adjusted by an Implicit Price Deflator (increased costs), are reimbursable.

In 1991, the State enacted Chapter 1213, Statutes of 1991, requiring that school districts publicly disclose major provisions of a collective bargaining effort before the agreement becomes binding. On August 20, 1998, the Commission on State Mandates (formerly the Board of Control) ruled that this legislation imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561. The costs of publicly disclosing major provisions of collective bargaining agreements that districts incurred after July 1, 1996, are allowable.

*Parameters and Guidelines*, adopted by the Commission on State Mandates, establishes the state mandate and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement, to assist school districts and local agencies in claiming reimbursable costs.

## **Objective, Scope, and Methodology**

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 1999, through June 30, 2001.

The auditors performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the district's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the district's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## **Conclusion**

The audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Chabot-Las Positas Community College District claimed \$937,695 for costs of the legislatively mandated Collective Bargaining Program. The audit disclosed that \$932,134 is allowable and \$5,561 is unallowable.

For fiscal year (FY) 1999-2000, the district received no payment from the State. The audit disclosed that \$264,980 is allowable, and this amount will be paid by the State based on available appropriations.

For FY 2000-01, the district was paid \$447,133 by the State. The audit disclosed that \$667,154 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$220,021, will be paid by the State based on available appropriations.

**Views of  
Responsible  
Officials**

The SCO issued a draft audit report on November 12, 2003. Christine Tripod, Interim Budget Officer, stated in a telephone conversation on January 8, 2004, that the district will not be responding to the audit results.

**Restricted Use**

This report is solely for the information and use of the Chabot-Las Positas Community College District, the Alameda County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original Signed By:*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

# Schedule 1— Summary of Program Costs July 1, 1999, through June 30, 2001

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>				
Component activities G1 through G3:				
Current-year direct costs:				
Salaries and benefits	\$ 11,621	\$ 11,621	\$ —	
Travel	2,189	2,189	—	
Materials and supplies	—	—	—	
Contracted services	46,618	46,618	—	
Total current-year direct costs	60,428	60,428	—	
Less adjusted base-year direct costs	(13,885)	(13,885)	—	
Increased direct costs, G1 through G3	46,543	46,543	—	
Component activities G4 through G7:				
Current-year direct costs:				
Salaries and benefits	7,251	7,251	—	
Materials and supplies	1,682	1,682	—	
Travel	3,415	3,300	115	Finding 1
Contracted services	204,508	204,508	—	
Increased direct costs, G4 through G7	216,856	216,741	115	
Total increased direct costs	263,399	263,284	115	
Indirect costs	2,570	1,696	874	Finding 2
Total costs	<u>\$ 265,969</u>	264,980	<u>\$ 989</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 264,980</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Component activities G1 through G3:				
Current-year direct costs:				
Salaries and benefits	\$ 83,173	\$ 83,173	\$ —	
Travel	1,851	1,851	—	
Materials and supplies	16,018	14,422	1,596	Finding 1
Contracted services	396,043	396,043	—	
Total current-year direct costs	497,085	495,489	1,596	
Less adjusted base-year direct costs	(14,454)	(14,454)	—	
Increased direct costs, G1 through G3	482,631	481,035	1,596	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference <sup>1</sup>
<u>July 1, 2000, through June 30, 2001 (continued)</u>				
Component activities G4 through G7:				
Current-year direct costs:				
Salaries and benefits	7,312	\$ 7,312	\$ —	
Materials and supplies	332	332	—	
Travel	2,202	1,793	409	Finding 1
Contracted services	<u>165,948</u>	<u>165,948</u>	<u>—</u>	
Increased direct costs, G4 through G7	<u>175,794</u>	<u>175,385</u>	<u>409</u>	
Total increased direct costs	658,425	656,420	2,005	
Indirect costs	<u>13,301</u>	<u>10,734</u>	<u>2,567</u>	Finding 2
Total costs	<u>\$ 671,726</u>	667,154	<u>4,572</u>	
Less amount paid by the State		<u>(447,133)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 220,021</u>		
<u>Summary: July 1, 1999, through June 30, 2001</u>				
Component activities G1 through G3				
Current-year direct costs:				
Salaries and benefits	\$ 94,794	\$ 94,794	\$ —	
Travel	4,040	4,040	—	
Materials and supplies	16,018	14,422	1,596	Finding 1
Contracted services	<u>442,661</u>	<u>442,661</u>	<u>—</u>	
Total current-year direct costs	557,513	555,917	1,596	
Less adjusted base-year direct costs	<u>(28,339)</u>	<u>(28,339)</u>	<u>—</u>	
Increased direct costs, G1 through G3	<u>529,174</u>	<u>527,578</u>	<u>1,596</u>	
Component activities G4 through G7:				
Current-year direct costs:				
Salaries and benefits	\$ 14,563	\$ 14,563	\$ —	
Materials and supplies	2,014	2,014	—	
Travel	5,617	5,093	524	Finding 1
Contracted services	<u>370,456</u>	<u>370,456</u>	<u>—</u>	
Increased direct costs, G4 through G7	<u>392,650</u>	<u>392,126</u>	<u>524</u>	
Total increased direct costs	921,824	919,704	2,120	
Indirect costs	<u>15,871</u>	<u>12,430</u>	<u>3,441</u>	Finding 2
Total costs	<u>\$ 937,695</u>	932,134	<u>\$ 5,561</u>	
Less amount paid by the State		<u>(447,133)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 485,001</u>		

<sup>1</sup> See the Findings and Recommendations section.



# Findings and Recommendations

## **FINDING 1— Ineligible travel costs claimed**

The district claimed ineligible travel costs of \$115 and \$2,005 for fiscal year (FY) 1999-2000 and FY 2000-01, respectively. The district claimed lodging rates that exceeded the rate as set forth by the Department of Personnel Administration for state employees. The allowable lodging rate in Alameda County was \$110 per night. Consequently, portions of the travel costs claimed by the district were ineligible.

*Parameters and Guidelines*, Section H5, states that travel expenses for consultants and experts (including attorneys) hired by the claimant shall not be reimbursed in an amount higher than that received by state employees, as established under Title 2, Division 2, Section 700ff, *California Administrative Code*.

### Recommendation

The district should establish and implement procedures to ensure that all claimed costs are reviewed for eligibility.

## **FINDING 2— Overclaimed indirect costs**

The district overclaimed indirect costs by \$874 and \$2,567 for FY 1999-2000 and FY 2000-01, respectively. The overclaimed indirect costs resulted from the district misclassifying portions of its contract services fees as materials and supplies and travel costs. The misstated materials and supplies and travel costs were then used to compute the amount of indirect costs. The district determined indirect costs by multiplying the increased direct costs less contract services by an indirect cost rate. Consequently, the district overstated its materials and supplies and travel costs, understated its contract services cost, and overclaimed the related indirect costs.

*Parameters and Guidelines* states that the claimant will only be reimbursed for increased costs incurred. The SCO's *Mandated Cost Manual for School Districts* provides claiming instructions on properly calculating and reporting indirect costs.

### Recommendation

The district should establish and implement procedures to ensure that all costs claimed are properly classified on the claims.

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